

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L LIMA 5686

E.O. 11652: GDS

TAGS: ECON, EINV, ELAB, PE

SUBJECT: GOP NAMES INDUSTRIAL COMMUNITY TRIBUNAL MEMBERS

REF: LIMA 4700

1. ON JULY 9 THE GOP NAMED JOSE DE LAS CASAS GRIEVE, ENRIQUE FARFAN SAENZ, AND JOSE ESPONDA ANGELAT, PRESIDENT AND MEMBERS, RESPECTIVELY, OF THE INDUSTRIAL COMMUNITY TRIBUNAL OF PERU. DE LAS CASAS NOTED THAT THE TRIBUNAL WILL DRAW UPON TWELVE REGIONAL JUDGES TO ASSIST THEM IN DECISION MAKING. IN ADDITION, THE GOP NAMED FOUR OF THE REGIONAL JUDGES, INCLUDING ROBERTO ACEVEDO MENA (LIMA), CARLOS GUTIERREZ PAREDES (CALLAO), SAMUEL CRISTOBAL ANCHANTE PEREZ (ICA), AND AUGUSTA ZEVALLOS DE FLORES (PIURA). AT THE SAME TIME, THE PRESS ANNOUNCED THAT THE TRIBUNAL HAS A BACKLOG OF 500 CASES AWAITING ITS ATTENTION.

2. COMMENT: ESTABLISHMENT OF THE TRIBUNAL IS A NECESSARY FIRST STEP CALLED FOR IN THE DRAFT DECREE LAW (SEE REFTTEL) PUBLISHED MAY 31. THE FINAL DECREE LAW IS SCHEDULED TO BE PROMULGATED NO LATER THAN JULY 31 AND, GIVEN THAT TIMING, MIGHT FORM PART OF THE GOP'S JULY 28 INDEPENDENCE
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DAY PRESENTATION TO THE NATION. SURPRISINGLY, THERE HAS

BEEN VIRTUALLY NO PRESS DISCUSSION OF THE DRAFT LAW'S FEATURES, EXCEPT FOR THE CREATION OF THE IC TRIBUNAL.

3. IN A RELATED DEVELOPMENT, THE VICE MINISTER OF INDUSTRY AND TOURISM GUILLERMO VAN OORDT TOLD EMBASSY OFFICERS LAST WEEK THAT HIS MINISTRY (MIT) HAD PROPOSED A MODERATE VERSION OF THE DRAFT LAW WHICH WOULD NOT HAVE GIVEN STRONG VETO POWERS OVER COMPANY DISCUSSIONS TO THE WORKERS. HOWEVER, VAN OORDT SAID THAT THE MIT WAS OVERRULED FOR POLITICAL REASONS, AND THE DRAFT CAME OUT WITH MUCH MORE SUBSTANTIAL WORKER CONTROL OVER COMPANIES THAN HE WOULD HAVE PERSONALLY DESIRED. HE IMPLIED, BUT DID NOT SAY SO DIRECTLY, THE COAP HAD COMPLETELY REWORKED THE MIT DRAFT. HE ALSO SAID THAT UNFORTUNATELY NO BUSINESSMEN HAVE MADE SUGGESTIONS TO THE MIT FOR MODIFICATION OF THE DRAFT'S PROVISIONS, SO THAT HE PRESUMES THE DRAFT WILL BE PROMULGATED PRETTY MUCH IN ITS PRESENT FORM. HE ALSO MADE ONE INTRIGUING, IF ENIGMATIC, COMMENT ABOUT THE IC TRIBUNAL, STATING THAT ONCE INFORMATION ABOUT THOSE NAMED BECOMES WIDELY KNOWN, IT IS LIKELY THAT ENTHUSIASM FOR A STRONG WORKER VOICE IN COMPANY DECISIONS AND APPEAL TO THE TRIBUNAL IS LIKELY TO DECREASE. HE IMPLIED THAT HE HAD VERY LITTLE CONFIDENCE IN THE JUDGES AND THAT THEIR INCOMPETENCE AND THE CUMBERSOME NATURE OF THE MACHINERY MAY LEAD TO THE DILUTION OF THE WORKERS' POWER TO IMPUGN COMPANY DECISIONS. VAN OORDT IS MODERATE BY TEMPERAMENT AND TRAINING AND OBVIOUSLY BELIEVES THAT THE TRIBUNAL COULD CREATE A BOTTLENECK WHICH MIGHT PARALYZE SECTOR DECISIONS.

4. IT IS LIKELY THAT THE PRIME MINISTER, PROBABLY PRE-OCCUPIED WITH HIS ECONOMIC PACKAGE, INTER-SERVICE RIVALRIES, AND GENERALLY ADMINISTERING THE GOVERNMENT DURING THE LAST FEW MONTHS, HAS HAD NEITHER THE TIME NOR INCLINATION TO BECOME DIRECTLY INVOLVED IN THE NEW RESTRUCTURING OF THE INDUSTRIAL COMMUNITY. WE PRESUME THE MORE RADICAL GENERALS IN THE CABINET HAVE BEEN INSISTING ON STRONG VETO POWERS FOR THE WORKERS, AS OPPOSED TO THE MODERATES, INCLUDING MOST PROBABLY VAN OORDT'S CHIEF, ADMIRAL JIMENEZ DE LUCIO, WHO MAY SEE

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THE PITFALLS IN GIVING THE WORKERS EFFECTIVE POWER OVER COMPANY DECISIONS. THE PRIME MINISTER HAS NOT SPOKEN PUBLICLY ON THIS ISSUE. WE SPECULATE HE WOULD PROBABLY WISH TO PRESERVE SOME SUBSTANTIAL DEGREE OF PRIVATE SECTOR CONTROL OVER ITS OWN MANAGEMENT DECISIONS, BUT THE GOP PLANNERS ARE COMMITTED TO THE CONCEPT OF GREATER WORKER PARTICIPATION IN COMPANY DECISIONS, AND IT WOULD BE DIFFICULT TO SUBSTANTIALLY REDUCE WORKERS'

VETO POWERS WITHOUT SOMEONE BUCKING THE TIDE. WHETHER
THE PRIME MINISTER HAS THE INTEREST, INCLINATION, OR
EVEN THE POWER TO DO SO REMAINS UNANSWERED AT THIS TIME.
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